

**Statement of Senator Larry Craig
Senate Special Committee on Aging
“The New Medicare Drug Discount Card: An Advance Prognosis”
March 9, 2004**

Good morning, and thank you. Less than three short months from today, America’s seniors will get their first real taste of the new Medicare prescription drug relief enacted by Congress last fall and signed into law by President Bush.

I am speaking of the new Medicare prescription drug discount card and the accompanying \$600 transitional assistance for lower-income seniors.

No senior should have to choose between buying food and buying drugs – and the new card and assistance program is a critical transition to help those seniors in greatest need pay for their drugs during the time it takes to get the rest of the Medicare drug legislation up and running in 2006. This program is just a beginning, but it is an important one.

Our hearing today will take a close look at how the card and the assistance program are shaping up so far – and more specifically, what seniors can expect as we near the start date in June.

So far, progress has been quite encouraging. For example, the Centers for Medicare and Medicaid Services has already received *more than twice* the number of card sponsor applications than they originally anticipated – over 100 applications in all.

These applications have come not just from traditional discount card leaders like pharmacy benefit managers, but also from many insurers and health plans – and, I should add, also from organizations representing America’s pharmacists, a group I know has had questions about the discount card approach.

Also encouraging is the fact that several of the country’s drug manufacturers have stepped forward to say they intend to participate in good faith with the new card program – and in many cases, to continue or even expand their own existing low-income assistance programs for seniors.

I also want to offer special thanks this morning to Dennis Smith, the Acting Administrator at CMS. This is the man on whose shoulders the heavy burden

of implementing this program has fallen – and who I suspect may be eagerly awaiting the help of Dr. Mark McClellan, the President’s new nominee to head CMS.

Administrator Smith will focus on CMS’ ambitious plans for beneficiary outreach and education. In particular, he will be talking about CMS’s plans for outreach and education. One such plan is the agency’s new “Price Compare” program. Under this program, seniors and their families will be able to use an internet-based discount comparison system. Together with “real person” assistance from toll-free operators, this system will allow seniors to instantly access and compare prices and drugs offered by card sponsors in their area.

As we move forward in implementing the card and assistance program, a few key priorities will be especially important: *First*, assuring that seniors get the information they need to understand and navigate the program; *second*, assuring that the discounts are fair and straightforward; and *third*, seeing that CMS acts aggressively to combat possible fraud and to weed out card sponsors who are not delivering real value. Finally, it is also critical to assure that those seniors eligible for the \$600 in low-income help get it and get it quickly.

The new Medicare discount cards have tremendous potential, and the early signals are encouraging. However, much work remains to be done. We appreciate our witnesses for their contribution today. Thank you.

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